

Message Text

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SUBJ: MEDITERRANEAN BASIN ENERGY CONSERVATION TECHNOLOGY
EXHIBITION AND CONFERENCE U.S. TRADE CENTER, MILAN MARCH 26-30, 1979

REF: (A) ROME 14078(B) STATE 14025

THE FOLLOWING INFORMATION IS IN RESPONSE TO PARAGRAPH 4 OF
REFTEL B, AND SUPPLEMENTS REFTEL A.

1. INFORMATION RELATING TO INVESTMENT IN CONSERVATION TECHNOLOGY IS HARD TO COME BY BECAUSE, ACCORDING TO INDUSTRY AND GOVERNMENT SOURCES, SUCH DATA HAS NOT BEEN COMPILED. AS REPORTED IN REFTEL A, THE ITALIAN CONFEDERATION OF INDUSTRY (CONFINDUSTRIA) HAS UNDERTAKEN A STUDY ON ENERGY AND WHILE SOME PRELIMINARY MATERIAL HAS BEEN MADE AVAILABLE, THE STUDY WILL NOT BE COMPLETED UNTIL LATE THIS FALL. MOREOVER, WE ARE NOT INFORMED THAT THE PRIMARY PURPOSE WILL BE FOR USE BY THE ITALIAN DELEGATION TO THE IEA IN PARIS, AND THAT FINAL VERSION WILL BE TOO GENERAL FOR PURPOSE OF DESK SURVEY. EMBASSY, THROUGH CALLS ON TRADE ASSOCIATIONS AND INDUSTRY, HAS GATHERED PARTIAL INFORMATION WHICH WE HOPE WILL BE USEFUL.

2. FRAMEWORK: THE NATIONAL ENERGY PLAN (NEP) SETS FORTH GUIDELINES FOR COORDINATION OF ENERGY POLICY, INCLUDING ENERGY CONSERVATION.
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ITS OBJECTIVES IN REGARD TO INDUSTRY ARE:
A) DISCOVERY AND EXPLOITATION OF NEW AND ALTERNATIVE SOURCES OF ENERGY.
B) CONSERVATION OF ENERGY IN EVERY SECTOR OF INDUSTRY BY (1) PRACTICAL UTILIZATION OF RENEWABLE ENERGY SOURCES (2) INVESTMENT CONTROL IN THOSE INDUSTRIES THAT ARE LARGE CONSUMERS OF ENERGY, SUCH AS CHEMICAL, IRON AND STEEL, AND NON-METALLIC

MINERAL TREATMENT PLANTS.

3. THE INTERMINISTERIAL COMMITTEE FOR ECONOMIC PROGRAMMING (CIPE), PURSUANT TO THE NEP, HAS ISSUED RULES, REGULATIONS AND STANDARDS FOR LIMITING ENERGY CONSUMPTION IN DESIGNING AND MANUFACTURING NEW MACHINERY, EQUIPMENT AND SYSTEMS. THE NATIONAL ASSOCIATION OF COMBUSTION CONTROL (ANCC) WILL BE IN CHARGE OF EXERTING TECHNICAL CONTROLS ON MANUFACTURERS OF HEATING EQUIPMENT DEVICES, AND SYSTEMS IN ORDER TO ASSURE THAT SAFETY, ANTY-POLLUTION, AND ENERGY CONSERVATION STANDARDS ARE BEING MET.

4. ITALIAN INDUSTRY HAS DEMONSTRATED WILLINGNESS TO ADAPT ITSELF TO DIRECTIVES SET FORTH IN NEP. A LARGE NUMBER OF LOCAL INDUSTRIES, BOTH PRIVATE AND STATE-CONTROLLED, ARE DEVOTING EFFORT AND R&D TO COMPLY WITH INDUSTRIAL REQUIREMENTS AND INDICATED TARGETS.

SUCH ACTIONS HOWEVER, ARE LIMITED BY THE PRESENT ECONOMIC CFISIS, AND BY THE GOVERNMENT'S DELAY IN IMPLEMENTING THE OTHER PRIME POLICY WEAPON, NAMELY, THE INDUSTRIAL RECONSTRUCTION LAW NO. 67

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(SEE REFTEL A). THERE ARE, HOWEVER, EXAMPLES OF INVESTMENTS PLANNED THAT AFFECT ENERGY CONSUMING INDUSTRIAL SECTORS, AS EXEMPLIFIED BY TWO MAJOR STATE ENTITIES:

A) THE STATE POWER AGENCY (ENEL) IS PLANNING INVESTMENT OF ABOUT UNCLASSIFIED

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40 BILLION LIRE IN R&D ACTIVITIES RELATING TO ALTERNATE SOURCES OF ENERGY SUCH AS, GEOTHERMAL, SOLAR, WIND BIOGAS, HEAT RECOVERY AND RECYCLING, SOLID WASTE AND LOW CALORY FOSSIL FUELS. ELECTRICITY TRANSMISSION IS UNDER STUDY WITH OBJECTIVE OF IMPROVING EFFICIENCY. I.E., FUEL CONSUMPTION/KWH RATION. THIS WAS REDUCED FROM 2614 KCAL/KWH IN 1963 TO 2335 KCAL/KWH IN 1977. ENEL ALSO WILL INVEST 120 BILLION LIRE DURING 1978-1982 IN SECTOR OF ELECTRICITY PRODUCTION BY COAL (I.E. 6000 NV BY 1982).

B) THE NATIONAL HYDROCARBONS AGENCY (ENI) IS CONCERNTRATING EFFORTS TO IMPROVE EFFICIENCY IN REFINING PROCESSES. FROM 1973 TO 1978, SSAVINGS HAVE REACHED 15 PERCENT FOR ENERGY CONSUMPTION IN SOME REFINERIES AND NOT LESS THAN 8 PERCENT IN OTHERS.

5. AS REGARD SECTORAL INVESTMENT IN PRIVATE INDUSTRY, ACCORDING TO BUSINESS AND GOVERNMENTAL SOURCES, THERE ARE NO MEANINGFUL ESTIMATES OF THE AMOUNTS INVESTED IN 1977 TO EQUIP PLANTS WITH EQUIPMENT SUCH AS HEAT RECOVERY, WATER PRE-HEATING, HEAT EXCHANGERS, ETC. ALSO, MEANINGFUL FIGURES ON RATE OF CAPITAL FORMATION, ASSET REPLACEMEN, AND RATE OF RETURN ARE UNAVAILABLE.

6. AGE OF PLANT: BECAUSE OF LOSSES DURING WORLD WAR II,

CONFINDUSTRIA REPORTS THAT 90 PERCENT OF EXISTING INDUSTRIAL PLANTS
HAVE BEEN BUILT OR REBUILT SINCE 1945. THESE SOURCES STATE THAT THE
AVERAGE AGE EXISTING PLANTS IN PRIME ENERGY CONSUMING
INDUSTRIAL SECOTRS IS AS FOLLOWS:

--CHEMICAL AND PETROCHEMICAL 15 YEARS.
-- IRON AND STEEL SECTOR 20 YEARS
--NON METALLIC MINERAL 20 YEARS
--POWER GENERATING PLANTS 20 YEARS.HOLMES

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